



PUBLIC UTILITIES COMMISSION

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 20-06-012:

This is the proposed decision of Administrative Law Judge Rafael L. Lirag. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's March 17, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:li1

Attachment

Decision **PROPOSED DECISION OF ALJ LIRAG** (Mailed 2/8/2022)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39M) to Submit Its 2020 Risk Assessment Mitigation Phase Report.

Application 20-06-012

**DECISION CLOSING RISK ASSESSMENT
MITIGATION PHASE PROCEEDING****Summary**

Today's decision closes Pacific Gas and Electric Company's (PG&E) 2020 Risk Assessment Mitigation Phase (RAMP) proceeding. This RAMP proceeding informs PG&E's Test Year (TY) 2023 General Rate Case (GRC) proceeding which was filed on June 30, 2021 (Application (A.) 21-06-021) and is currently ongoing as of the date of this decision.

PG&E filed its RAMP Report pursuant to the procedures set forth in Decision (D.) 14-12-025, D.16-08-018, and the settlement agreement adopted in D.18-12-014. The RAMP Report provides an initial quantitative and probabilistic assessment of PG&E's top 12 safety risks, plans to mitigate these risks, and estimates of costs associated with the proposed mitigations.

The Commission's Safety Policy Division (SPD) is required to and prepared an evaluation report of PG&E's RAMP Report. Parties were then given an opportunity to comment, and several parties filed comments and reply comments to both the RAMP Report and SPD's evaluation report.

SPD and parties identified deficiencies and areas for improvement particularly with respect to increased granularity in PG&E's models, revisions to risk spend efficiency calculations, and revisions to the multi-value attribute function model and calculations. Comments and criticism were also directed towards the application of PG&E's Public Safety Power Shutoff as a mitigation of wildfire events.

PG&E's TY2023 GRC proceeding incorporates PG&E's consideration of the comments and recommendations from SPD and parties. The filing of the RAMP Report, SPD's review, and comments from parties, inform PG&E's TY2023 GRC. PG&E's consideration and integration of these comments and suggestions into its safety-related proposals in A.21-06-021 completes this RAMP process and no further action in this proceeding is required.

Issues concerning PG&E's RAMP-related proposals in the GRC, including deficiencies and shortcomings that may still exist, shall be addressed in A.21-06-021. For its next RAMP filing, PG&E should continue to collaborate with SPD in order to identify areas for improvement and steps that will continue to increase transparency of PG&E's assessment and analysis of its top risks and proposed mitigations thereof. This proceeding is closed.

1. Background

On June 30, 2020, Pacific Gas and Electric Company (PG&E) filed Application (A.) 20-06-012 to submit its Risk Assessment and Mitigation Phase (RAMP) Report pursuant to Decision (D.) 20-01-002.

PG&E's RAMP Report provides an initial quantitative and probabilistic assessment of PG&E's top 12 safety risks, plans to mitigate these risks, and estimates of costs associated with the proposed mitigations. The mitigation plans

and cost estimates are informed by Risk Spend Efficiency (RSE) calculations and alternative mitigations that were also considered.

The RAMP Report follows the guidelines set forth in D.16-08-018 for what the RAMP submission should include, as well as the methodologies and new guidelines contained in the Safety Model Assessment Proceeding (S-MAP) Settlement Agreement that was approved in D.18-12-014.

The Commission's Safety Policy Division (SPD) is required to review PG&E's RAMP Report and issue an evaluation report. Parties shall then be given an opportunity to file comments to PG&E's RAMP Report and SPD's evaluation report. The RAMP filing and comment process shall then form the basis of PG&E's assessment and proposed mitigations for its safety risks in its next General Rate Case (GRC) filing.

A motion for party status was filed by FEITA Bureau of Excellence LLC (FEITA) on July 20, 2020. The motion was granted in the Administrative Law Judge (ALJ) ruling on July 31, 2020.

Protests to the application were filed by Mussey Grade Road Alliance (Mussey Grade) on July 29, 2020, The Public Advocates Office (Cal Advocates) and The Utility Reform Network (TURN) on August 5, 2020. PG&E filed a Reply to the protests on August 17, 2020.

Pre-filing Workshops were held on November 14, 2019, January 13, 2020, and February 4, 2020. Additional workshops after the application were filed were held on July 14, 2020, July 24, 2020, July 30, 2020, August 26, 2020, and August 27, 2020.

On September 24, 2020, prehearing conference (PHC) statements were filed by PG&E and Cal Advocates, and jointly by TURN, FEITA and Mussey Grade.

On October 8, 2020, a telephonic PHC was held to address the service list, discuss the scope, schedule, and other procedural matters.

On November 4, 2020, the assigned Commissioner issued a Scoping Memorandum and Ruling (Scoping Memo) setting forth the scope of issues and procedural schedule.

On November 25, 2020, SPD issued an evaluation report of PG&E's RAMP application.

On December 17, 2020, Mussey Grade filed a Motion to Accept Corrected PG&E Scenario Analysis and Mussey Grade Analysis and to Allow Party Comment on Corrected PG&E Scenario Analysis and Mussey Grade Analysis. The motion was granted on July 29, 2021.

On January 15, 2021, Comments to SPD's RAMP evaluation report were filed by Cal Advocates, TURN, FEITA, Mussey Grade, and PG&E. Reply Comments were filed by these same parties as well as by the Coalition of California Utility Employees (CUE) on January 29, 2021.

A motion for party status was filed by Coalition of California Utility Employees on January 25, 2021. The motion was granted in the ALJ ruling on January 27, 2021.

On March 24, 2021, TURN filed a motion to require PG&E to present an inflation-constrained alternative proposal to its upcoming GRC application scheduled to be filed in June 2021.¹ Responses were filed by CUE and PG&E on April 8, 2021. TURN filed a Reply on April 19, 2021. The motion was denied on June 14, 2021.

¹ TURN also filed a Petition to Modify PG&E's TY2020 GRC decision (D.20-12-005) requesting the same relief concerning an inflation-constrained alternative in PG&E's next GRC.

On March 30, 2021, Cal Advocates and FEITA filed a joint motion to require PG&E to analyze its Public Safety Power Shutoff (PSPS) program. PG&E filed a Response on April 14, 2021. Cal Advocates filed a Reply on April 26, 2021. The joint motion was denied on June 3, 2021, but PG&E was required to make an updated analysis of its PSPS program in its next GRC.

On July 27, 2021, the assigned ALJ issued a ruling including SPD's evaluation report of PG&E's RAMP into the record of the proceeding.

On September 14, 2021, the assigned ALJ issued a ruling requesting additional information from PG&E. PG&E filed its Response to the ruling on October 14, 2021.

On June 30, 2021, PG&E filed its Test Year (TY) 2023 GRC proceeding.²

2. The RAMP Process

Under the procedures adopted in D.14-12-025, D.16-08-018, and D.18-12-014, PG&E is required to file its RAMP submission to the Commission. Initially, the RAMP was required to be filed as a request for an Order Instituting Investigation but was later amended by D.20-01-002 to be filed as an application.

PG&E submits its RAMP proposal in the application which SPD will review. SPD will then issue an evaluation report. Parties to this proceeding will then have the opportunity to comment on both the utility's RAMP submission and SPD's evaluation report. The RAMP filing and comment process will then form the basis of PG&E's assessment of its safety risks in its next GRC application.³

² A.21-06-021.

³ The next GRC application being referred to is PG&E's TY2023 GRC which was filed on June 30, 2021 (A.21-06-021).

The latest S-MAP application and requirements for this RAMP application were adjudicated in D.16-08-018. Among other things, D.16-08-018 adopted on an interim basis a multi attribute approach, which potentially relies on utility equivalent features, to implement the use of probabilistic modeling to assess and manage risks. In addition, D.16-08-018 adopted guidelines for what the RAMP submissions should include, as well as an evaluation method to evaluate PG&E's RAMP submission, and a list of the ten recommended RAMP components.

D.18-12-014 adopted a settlement agreement which approved a standardized risk-based decision-making model that utilities are required to employ in RAMP and GRC filings. The settlement agreement provided minimum required elements for risk and mitigation analysis leading to a more uniform and quantitative risk-based decision-making framework. The settlement agreement also provides enhancements to the Multi-Attribute Value Function (MAVF) analysis and the 10 major components of RAMP.⁴

Finally, D.20-01-002 provided modifications to the timing for utilities' GRCs and RAMP filings as well as requiring the filing of RAMP submissions as applications.

3. Comments on RAMP Report and SPD Evaluation

Parties to the proceeding filed comments to the RAMP Report and the evaluation report conducted by SPD. These comments and PG&E's consideration of these comments in its GRC filing form an integral part of the RAMP process.

Cal Advocates generally support SPD's recommendations and adds that analysis of the full safety, health, and financial consequences of PSPS should be

⁴ The Phase 2 decision in the S-MAP proceedings was issued on April 25, 2019, in D.19-04-020. This decision provided updated guidelines, but the focus of the decision was on the Risk Spending Accountability Reports and safety performance metrics.

included in PG&E's GRC programs. In addition, Cal Advocates also states that the risk tranches for wildfire events should be more granular and that the modeling of wildfire events consider power law distribution as described in Mussey Grade's comments. Cal Advocates also adds that root causes of failures should be examined using historical data.

Mussey Grade cites to the need for more granularity in PG&E's tranches relating to wildfire risk. PG&E generally divides its asset systems as transmission and distribution assets or underground and overhead assets and Mussey Grade claims that such tranche groupings are overly broad. Instead, asset groupings should be more specific and risk analysis should also take into account the geographic location of such assets. Mussey Grade also states that power law distributions for wildfire consequences should be considered as well as wind speed. Mussey Grade adds that MAVF calculations should account for negative consequences and should incorporate financial losses and catastrophic risk aversion. Caps on safety and financial losses should also be eliminated and PSPS should account for customer losses. Mussey Grade agrees with SPD's recommendation to explore use of Rapid Earth Fault Current Limiters (REFCL)⁵ technology to prevent ignitions.

TURN agrees with SPD's analysis that insufficient granularity of tranches is one of the serious deficiencies in PG&E's RAMP report. It also flags PG&E's reactive approach to risk management. TURN states that RSE calculations should be provided for all mitigations and not just new mitigations and recommends using linear scaling functions in its safety and financial attributes analysis. TURN agrees with SPD's analysis that operational failures be included as a risk driver

⁵ REFCL technology works like a safety switch which detects when a powerline has fallen to the ground and reduces voltage to the fallen line.

in the TY2023 GRC and that PG&E should explore using REFCL technology to prevent ignitions.

FEITA provided comments and is of the opinion that the MAVF calculations presented in PG&E's RAMP Report contain foundational errors and flaws, is overly simplistic, and contain unrealistic risk rankings. FEITA cites flaws and deficiencies in the RAMP Report concerning various topics such as the information provided by PG&E's subject-matter experts, risk identification, the mitigations selected, the reliability model and the units used for reliability, not accounting for environmental impacts, and lack of analysis concerning indirect consequences. FEITA also states that the report does not address the root cause of risks and expressed concern regarding PG&E's safety culture and records information management. FEITA also recommends that the costs of mitigations to address risks resulting from PG&E's poor management should be borne by shareholders.

CUE agrees with SPD that RSE scores should not be applied to PSPS mitigations until clear guidelines are established.

PG&E also provided comments to SPD's evaluation and commits to exploring more ways to increase granularity in its models and believes that it should start by revising its Enterprise and Operational Risk Models.

Based on comments from SPD and other parties, PG&E also believes that it should provide RSE calculations for all its RAMP mitigations in the TY2023 GRC and not just for new mitigations. PG&E also agrees that it should re-examine its MAVF model and improve its risk management by adopting data-driven methodologies and pursue transparent and collaborative approaches.

With respect to PSPS, PG&E believes that it should continue to use PSPS as a mitigation for wildfire risk but should not justify it with RSE calculations.

PG&E also agrees that it should remove RSE calculations involving PSPS in its other mitigations for wildfire risk.

4. Integration of RAMP with TY2023 GRC

In the RAMP Report, PG&E analyzed and evaluated twelve of its top safety risks and eight cross-cutting factors. PG&E also identified several other safety risks not included in the above.

PG&E filed its TY2023 GRC on June 30, 2021, which includes RAMP-related forecasts and spending for the TY2023 GRC cycle. The various forecasts for Operations and Management and Capital spending for proposed mitigations of risks as well as safety-related spending shall be reviewed in the GRC proceeding. In its October 14, 2021 Response to the assigned ALJ ruling, PG&E submitted a roadmap showing where in its TY2023 GRC filing each of the above elements appear. PG&E also identified the mitigations that were proposed for the twelve RAMP risks and the mitigation forecasts in the TY2023 GRC.

PG&E's GRC testimony and workpapers contain an assessment of its RAMP risks, proposed controls and mitigations, and explanations how these will mitigate risk. The proposals incorporate feedback from the RAMP process. The testimony also contains PG&E's requested amounts and forecast of costs to implement the RAMP mitigations.

The integration of feedback, findings, and lessons learned from the RAMP process into the TY2023 GRC completes the RAMP process described in D.14-12-025 and D.16-08-018. The various RAMP-related testimonies and workpapers as well as the reasonableness of the proposed controls and mitigations and its costs shall be reviewed in PG&E's TY2023 GRC, A.21-06-021. The reasonableness of the proposed mitigations and corresponding costs must be supported by the record in the GRC before any authorization can be granted.

During the comment process, SPD and other parties identified several deficiencies in PG&E's RAMP Report as well as areas that can be improved. Two topics that were repeatedly pointed out are the need for increased granularity and improvements in the MAVF calculation. PG&E has an opportunity to incorporate party comments in its GRC filing and address any deficiencies and make further improvements to its RAMP showing. However, the RAMP process does not afford the Commission the time to address these changes in this proceeding. Instead, parties should identify any shortcomings in A.21-06-021 so the Commission can take appropriate action in that proceeding. Such deficiencies, if any, may ultimately impact the amounts approved for RAMP-related forecasts. In addition, PG&E should continue to collaborate with SPD and discuss necessary improvements that need to be undertaken for its next RAMP filing. PG&E was also required in the June 3, 2021 ALJ ruling to submit testimony containing analysis and discussion of the consequences of PSPS to customers and how PG&E analyzes these consequences in A.21-06-021.

Attachment "A" to this decision is PG&E's overview guide⁶ to its GRC roadmap while Exhibit "B" is its roadmap⁷ showing where in the TY2023 GRC testimony the RAMP elements and forecasts are contained.

5. Conclusion

PG&E filed its RAMP Report pursuant to the procedures adopted in D.14-12-025, D.16-08-018, and D.18-12-014. SPD reviewed the RAMP Report and completed its evaluation report. Several workshops were held to facilitate discussion on various topics relating to PG&E's analysis of its top safety risks

⁶ Attachment "A" is taken from PG&E's October 14, 2021 Response at 2 to 3.

⁷ October 14, 2021 Response Attachment A.

contained in the RAMP Report. Parties were then given the opportunity to comment and comments to both the RAMP Report and SPD's evaluation report were filed.

PG&E filed its TY2023 GRC on June 30, 2021. The testimony and workpapers submitted with the GRC relating to PG&E's assessment and proposed mitigations of its safety risks, incorporate feedback from SPD and parties pursuant to the RAMP process. This procedure completes the RAMP process for this GRC cycle.

SPD and other parties identified several deficiencies, gaps, and areas for improvement in the RAMP Report and PG&E took these comments under advisement in making its safety-related forecasts and risk analysis and mitigation proposals in the GRC. Proposed spending for risk mitigation programs and activities and the efficiency of risk mitigation funding are to be reviewed in A.21-06-021 and any remaining gaps may ultimately impact approval of PG&E's safety-related proposals. Parties in A.21-06-021 should identify deficiencies in PG&E's RAMP proposals so the Commission can issue necessary orders and directives in A. 21-06-021 or in the decision of said proceeding. This includes review and analysis of the additional information to be provided concerning PSPS events. PG&E should also continue to work with SPD regarding its next RAMP submission.

The RAMP process focuses on safety and effective risk mitigation to further reduce risk to PG&E, employees, contractors, and the public. PG&E benefitted from the various comments and insight provided by SPD and intervenors in this proceeding. Many improvements to the RAMP process were suggested. These will further enhance future RAMP filings as the RAMP process continues to be further developed based on lessons learned.

6. Comments on Proposed Decision

The proposed decision of ALJ Lirag in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed by _____ on _____. Reply Comments were filed by _____ on _____.

7. Assignment of Proceeding

Commissioner Clifford Rechtschaffen is the assigned commissioner and Rafael Lirag is the assigned ALJ and presiding officer for the proceeding.

Findings of Fact

1. D.20-01-002 required this RAMP proceeding to be filed as an application.
2. The procedures set forth in D.14-12-025 were modified in D.16-08-018 and by the settlement agreement adopted in D.18-12-014.
3. SPD completed its evaluation of PG&E's RAMP Report.
4. Parties were given the opportunity to provide comments to both the RAMP Report and SPD's evaluation report.
5. Several parties filed comments on the RAMP Report and SPD's evaluation report.
6. PG&E filed comments concerning increased granularity in its models, RSE calculations for all mitigations, and re-examination of its MAVF model pursuant to comments from SPD and other parties.
7. SPD and parties identified deficiencies in the RAMP Report and areas that should be revised and improved.
8. The final step in the RAMP process was for PG&E to integrate the RAMP filing and comments from SPD and intervenors into PG&E's TY2023 GRC application.

9. PG&E's TY2023 GRC included testimony and workpapers containing evaluation and analysis of its twelve top safety risks, cross-cutting factors, and other safety risks as well as proposed mitigations of such risks.

10. PG&E submitted a roadmap identifying where in its TY2023 GRC testimony and workpapers each risk and mitigation appears.

11. Proposed spending for risk mitigation programs and activities and the efficiency of risk mitigation funding are to be reviewed in PG&E's TY2023 GRC application.

12. There are no issues of material fact in contention.

Conclusions of Law

1. PG&E correctly filed this RAMP proceeding as an application.

2. PG&E filed this proceeding pursuant to the procedures set forth in D.14-12-025, D.16-08-018, and D.18-12-014.

3. This proceeding should be evaluated based on the requirements set forth in D.14-12-025, D.16-08-018, and D.18-12-014.

4. The procedures adopted in D.14-12-025, D.16-08-018, and D.18-12-014 setting forth the information required in PG&E's RAMP submission have been complied with and this RAMP process is now complete.

5. Hearings are not necessary.

6. PG&E integrated comments from SPD and parties into its TY2023 GRC application.

7. PG&E's RAMP-related requests in its TY2023 GRC will be examined and reviewed in A.21-06-021.

8. This RAMP proceeding should be closed.

9. Further improvements regarding PG&E's next RAMP filing should be discussed with SPD prior to PG&E's next RAMP filing and issues that should be addressed in PG&E's TY2023 GRC should be reviewed in A.21-06-021.

O R D E R

IT IS ORDERED that:

1. The final category for the application is ratesetting and hearings are not necessary.

2. Pacific Gas and Electric Company shall respond to any issues that may be raised by intervenors in Application 21-06-021, concerning deficiencies associated with its Risk Assessment Mitigation Phase filing.

3. Within twelve months after the date of this decision, Pacific Gas and Electric Company shall initiate and schedule discussions with the Commission's Safety Policy Division regarding ways to improve its next Risk Assessment Mitigation Phase filing.

4. Application 20-06-012 is closed.

This order is effective today.

Dated _____, at Sacramento, California.